

Philadelphia Electric Company



Financial Supplement to the 1970 Annual Report

CLEVELAND PUBLIC LIBRARY
CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION SERVICE
SUPPLEMENTARY INFORMATION FILE

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The information set forth in this booklet is not a representation or prospectus with respect to any securities of the Company, nor is it to be used in connection with any sale or offer to sell, or with solicitation of any offers to buy any securities.

PHILADELPHIA ELECTRIC COMPANY SYSTEM

COMPANY

Philadelphia Electric Company is an investor-owned utility located in southeastern Pennsylvania. It serves nearly 4 million people in an area covering 2,400 square miles, stretching as far south as the Chesapeake Bay in Maryland and north beyond New Hope, Pennsylvania. The City of Philadelphia represents only 5% of this territory with the remaining 95% located primarily in the surrounding suburbs.

The Company provides Philadelphia with electric and steam service, the suburban area with electric and gas service, and northern Maryland with electric service through its subsidiary, Conowingo Power Company. Revenues in 1970 were 82% electric, 16% gas, and 2% steam.

Philadelphia Electric Company employs over 10,000 people and has 150,000 shareholders.

Living conditions in Southeast Pennsylvania are excellent. The natural beauty of the surrounding suburbs handsomely complements the many historical sites located in center city. As you might expect, there are plenty of cultural activities to pursue. Music from the Philadelphia Orchestra and dancing by the Pennsylvania Ballet Company are two of the very special features of Philadelphia. In addition, its many educational and recreational advantages make it a desirable place for people to live, and thus provide ample highly trained manpower. This strategic location with respect to markets, materials, and its excellent port and transportation facilities make it a natural distribution center for serving industry and markets.

RATES

Two adjustments to our customers' bills were permitted by the Pennsylvania Public Utility Commission during 1970 to meet specific cost increases: (1) a state tax adjustment was added to customers bills, beginning in March, to offset higher Pennsylvania taxes adopted in late 1969 and early 1970; and (2) an air quality fuel charge was added, beginning in July, to recover the cost of burning premium-priced, low-sulfur oil to reduce air pollution.

In November, 1970, Philadelphia Electric Company filed new tariffs with the Pennsylvania Public Utility Commission to become effective January 18, 1971. These tariffs were designed to raise \$1.1 million in additional revenue from increased steam rates in Philadelphia and \$100 million in additional revenue from increased electric rates for all classes of service.

The steam rates were permitted to go into effect on January 18, 1971 but the electric rates were suspended for up to six months. The Commission lifted the suspension for approximately \$43 million of the increase effective February 18, 1971, subject to refund at the completion of formal hearings.

CONSTRUCTION AND FINANCING

Philadelphia Electric Company plans to nearly double its generating capacity in the next seven years. Expenditures for construction in the next five years will exceed \$2 billion. Major projects include a 100% interest in the Limerick nuclear generating plant, a 42% interest in both the Peach Bottom and Salem nuclear generating stations, completion of the second mine-mouth plant (Conemaugh) near Johnstown, Pa., of which the Company's ownership interest is 21%, a liquefied natural gas plant in West Conshohocken, Pa., and expansion of the 500 kv transmission system.

In 1970 work was completed on Conemaugh station's No. 1 unit and it was placed in service on May 21. The construction of a central stores warehouse in Berwyn, Pa., also was completed in 1970.

While internal funds will provide about 20% of the financing for this vast construction program, the bulk of it must come primarily from the sale of the Company's securities. In 1970, over \$332 million was raised through the sale of securities: (1) \$207 million from bonds issued at an average rate of 8.4%; (2) \$65 million from 8.75% preferred stock; and (3) \$60 million from common stock through rights to shareholders.

INCOME STATEMENT — ALL OPERATIONS

	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
	(Thousands of Dollars)										
Operating Revenue.....	\$504,371	\$440,494	\$405,231	\$376,528	\$357,864	\$340,881	\$323,860	\$314,431	\$303,221	\$292,326	\$275,967
Operating Expenses:											
Operation and Maintenance.....	282,859	236,096	217,971	195,729	187,411	177,527	168,694	164,104	155,164	148,944	140,639
Provision for Depreciation*.....	53,947	49,304	45,388	41,833	38,949	38,037	34,615	33,624	33,684	33,001	34,920
Provision for Taxes:											
Federal Income Taxes.....	17,834	28,671	29,841	28,578	33,591	32,598	32,099	33,573	34,084	33,279	32,065
State and Local Income Taxes.....	5,330	7,664	4,270	4,739	4,173	4,069	3,953	3,916	3,911	3,691	3,587
Investment Tax Credit Adjustments—Net*.....	(836)	(32)	506	5,063	1,199	1,256	1,803	1,354	1,030	—	—
Deferred Income Taxes*.....	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(22)
Taxes, other than Income.....	38,410	18,295	15,816	13,899	11,855	10,617	9,998	9,696	9,514	9,052	8,268
Total Provision for Taxes.....	59,920	53,780	49,615	51,461	50,000	47,722	47,035	47,720	47,721	45,204	43,898
Total Operating Expenses.....	396,726	339,180	312,974	289,023	276,360	263,286	250,344	245,448	236,569	227,149	219,457
Operating Income.....	107,645	101,314	92,257	87,505	81,504	77,595	73,516	68,983	66,652	65,177	56,510
Other Income:											
Allowance for Funds Used During Construction*.....	18,513	7,929	4,080	4,856	3,893	1,532	1,296	1,536	716	704	3,877
Other Income and Deductions—Net.....	224	34	(14)	250	(36)	175	11	227	12	(275)	17
Total Other Income.....	18,737	7,963	4,066	5,106	3,857	1,707	1,307	1,763	728	429	3,894
Income Before Interest Charges and Extraordinary Item.....	126,382	109,277	96,323	92,611	85,361	79,302	74,823	70,746	67,380	65,606	60,404
Interest Charges:											
Interest on Long-Term Debt.....	50,336	38,161	33,646	26,800	23,011	22,378	20,754	19,456	19,540	18,030	17,680
Other Interest.....	7,670	6,819	2,557	2,607	1,459	421	1,211	1,052	259	980	454
Total Interest Charges.....	58,006	44,980	36,203	29,407	24,470	22,799	21,965	20,508	19,799	19,010	18,134
Income Before Extraordinary Item.....	68,376	64,297	60,120	63,204	60,891	56,503	52,858	50,238	47,581	46,596	42,270
Extraordinary Item**.....	—	—	5,518	—	—	—	—	—	—	—	—
Net Income.....	68,376	64,297	65,638	63,204	60,891	56,503	52,858	50,238	47,581	46,596	42,270
Dividends on Preferred Stock.....	8,612	5,931	3,696	3,696	3,696	3,696	3,696	3,696	3,696	3,754	3,927
Earnings Available for Common Stock.....	59,764	58,366	61,942	59,508	57,195	52,807	49,162	46,542	43,885	42,842	38,343
Dividends on Common Stock.....	53,683	48,803	47,612	44,806	40,715	39,615	36,313	35,238	32,699	32,089	30,155
Retained Earnings.....	\$6,081	\$9,563	\$14,330	\$14,702	\$16,480	\$13,192	\$12,849	\$11,304	\$11,186	\$10,753	\$8,188
Depreciation Provision:											
% of Revenue.....	10.7%	11.2%	11.2%	11.1%	10.9%	11.2%	10.7%	10.7%	11.1%	11.3%	12.7%
% of Average Depreciable Plant in Service.....	2.9%	2.8%	2.7%	2.9%	2.9%	2.9%	2.7%	2.6%	2.7%	2.7%	3.2%

* See explanation on page 11.

** Nonrecurring credit due to changing period of amortization of Investment Tax Credit. See explanation on page 11.

CONSOLIDATED BALANCE SHEET

	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
	(Thousands of Dollars)										
ASSETS											
Utility Plant in Service at Original Cost.....	\$2,115,433	\$1,954,846	\$1,838,072	\$1,731,752	\$1,517,695	\$1,475,725	\$1,442,515	\$1,393,583	\$1,354,101	\$1,316,585	\$1,271,841
Construction Work in Progress.....	400,846	226,756	103,423	53,056	132,481	70,460	43,237	49,382	26,488	15,164	16,846
Plant Held for Future Use.....	5,327	6,967	9,697	6,726	7,477	7,207	3,877	2,911	2,735	2,108	1,151
Total Utility Plant.....	2,521,606	2,188,569	1,951,192	1,791,534	1,657,653	1,553,392	1,489,629	1,445,876	1,383,324	1,333,857	1,289,838
Less: Accumulated Provision for Depreciation*.....	549,548	514,218	491,373	459,855	428,943	402,506	379,242	355,178	333,263	309,220	287,728
Total Utility Plant Less Reserve.....	1,972,058	1,674,351	1,459,819	1,331,679	1,228,710	1,150,886	1,110,387	1,090,698	1,050,061	1,024,637	1,002,110
Investments.....	3,895	5,026	4,019	6,328	8,155	9,736	11,832	2,091	2,193	2,405	2,353
Current Assets:											
Cash.....	13,954	13,061	11,433	11,360	9,378	10,762	9,308	12,239	11,194	13,180	16,596
Temporary Cash Investments.....	4,483	—	198	1,489	1,242	1,721	4,981	—	—	—	—
Accounts Receivable.....	50,839	44,134	41,253	46,966	34,220	31,802	32,682	24,793	26,608	25,254	23,014
Materials and Supplies.....	33,564	29,086	25,990	23,834	22,406	21,406	20,285	21,225	22,591	21,875	21,347
Other Current and Accrued Assets.....	7,613	5,567	5,706	5,336	4,231	5,163	5,058	6,030	6,009	5,172	5,336
Total Current Assets.....	110,453	91,848	84,580	88,985	71,477	70,854	72,314	64,287	66,402	65,481	66,293
Deferred Debits.....	5,509	4,915	5,227	4,131	5,294	4,939	7,901	5,239	4,671	3,954	3,998
Total Assets.....	\$2,091,915	\$1,776,140	\$1,553,645	\$1,431,123	\$1,313,636	\$1,236,415	\$1,202,434	\$1,162,315	\$1,123,327	\$1,096,477	\$1,074,754
LIABILITIES											
Capitalization:											
Long-Term Debt.....	\$1,019,803	\$848,697	\$778,746	\$691,964	\$651,302	\$612,925	\$590,173	\$542,421	\$544,669	\$546,917	\$509,165
Preferred Stock.....	192,472	127,472	87,472	87,472	87,472	87,472	87,472	87,472	87,472	87,472	87,472
Common Stock Equity, Incl. Retained Earnings.....	665,602	601,704	526,920	512,599	460,519	440,046	426,854	414,005	394,717	383,532	372,779
Total Capitalization.....	1,877,877	1,577,873	1,393,138	1,292,035	1,199,293	1,140,443	1,104,499	1,043,898	1,026,858	1,017,921	969,416
Current Liabilities:											
Bank Loans.....	14,625	50,175	26,100	47,700	32,275	10,450	19,550	38,250	14,900	1,000	24,000
Commercial Paper.....	60,899	48,601	34,911	—	—	—	—	—	—	—	—
Bond Maturities.....	33,924	8,470	15,592	9,584	1,471	987	1,072	1,152	1,998	1,525	1,446
Taxes Accrued.....	9,423	8,324	7,163	6,786	13,684	18,989	16,032	19,744	21,862	20,536	22,562
Accounts Payable.....	32,895	25,304	20,459	16,167	15,638	16,356	14,170	12,044	12,011	11,183	12,788
Other Current Liabilities.....	28,180	21,567	19,218	16,883	13,863	12,132	11,205	13,113	12,491	12,417	12,243
Total Current Liabilities.....	179,946	162,441	123,443	97,120	76,931	58,914	62,029	84,303	63,262	46,661	73,039
Deferred Credits:											
Accumulated Deferred Income Taxes*.....	13,075	13,892	14,710	15,528	16,346	17,164	17,981	18,799	19,617	20,435	21,252
Accumulated Deferred Investment Tax Credits*.....	5,825	6,660	6,692	11,704	6,641	5,442	4,186	2,383	1,030	—	—
Other Deferred Credits.....	1,752	877	1,667	794	844	1,020	1,055	1,101	1,266	964	930
Total Deferred Credits.....	20,652	21,429	23,069	28,026	23,831	23,626	23,222	22,283	21,913	21,399	22,182
Operating Reserves.....	1,754	2,973	2,937	3,056	3,020	3,230	2,961	2,756	2,573	2,417	2,234
Contributions in Aid of Construction.....	11,686	11,424	11,058	10,886	10,561	10,202	9,723	9,075	8,721	8,079	7,883
Total Liabilities.....	\$2,091,915	\$1,776,140	\$1,553,645	\$1,431,123	\$1,313,636	\$1,236,415	\$1,202,434	\$1,162,315	\$1,123,327	\$1,096,477	\$1,074,754

* See explanation on page 11.

SOURCE AND APPLICATION OF FUNDS

	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
	(Thousands of Dollars)										
<u>SOURCE OF FUNDS</u>											
Net Income.....	\$68,376	\$64,297	\$65,638	\$63,204	\$60,891	\$56,503	\$52,858	\$50,238	\$47,581	\$46,596	\$42,270
Noncash Charges (Credits) to Income:											
Depreciation.....	53,947	49,304	45,388	41,833	38,949	38,037	34,615	33,624	33,684	33,001	34,920
Investment Tax Credit Adjustments—Net*.....	(836)	(32)	(5,012)	5,063	1,199	1,256	1,803	1,354	1,030	—	—
Deferred Income Tax.....	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(22)
Total from Operations.....	120,669	112,751	105,196	109,282	100,221	94,978	88,458	84,398	81,477	78,779	77,168
Sale of:											
Long-Term Debt.....	206,700	80,000	103,000	116,745	40,625	25,000	50,000	—	—	40,000	—
Preferred Stock.....	65,000	40,000	—	—	—	—	—	—	—	—	—
Common Stock.....	59,878	66,773	—	38,018	3,993	—	—	7,984	—	—	2,762
Increase in Commercial Paper.....	12,288	13,690	34,911	—	—	—	—	—	—	—	—
Increase in Bank Loans.....	—	24,075	—	15,425	21,825	—	—	23,350	13,900	—	24,000
Total Source of Funds.....	<u>\$464,535</u>	<u>\$337,289</u>	<u>\$243,107</u>	<u>\$279,470</u>	<u>\$166,664</u>	<u>\$119,978</u>	<u>\$138,458</u>	<u>\$115,732</u>	<u>\$95,377</u>	<u>\$118,779</u>	<u>\$103,930</u>
<u>APPLICATION OF FUNDS</u>											
Additions to Utility Plant.....	\$351,554	\$263,698	\$176,665	\$145,594	\$119,301	\$79,710	\$69,660	\$74,475	\$58,990	\$55,453	\$75,104
Dividends on Common Stock.....	53,683	48,803	47,612	44,806	40,715	39,615	36,313	35,238	32,699	32,147	30,386
Dividends on Preferred Stock.....	8,612	5,931	3,696	3,696	3,696	3,696	3,696	3,696	3,696	3,696	3,696
Retirement of Long-Term Debt.....	7,745	13,970	8,835	65,000	—	—	—	—	—	—	—
Sinking Fund Payments on Long-Term Debt.....	2,395	3,201	1,375	2,643	1,579	2,193	2,180	2,905	1,696	2,009	1,015
Decrease in Bank Loans.....	35,550	—	21,600	—	—	9,100	18,700	—	—	23,000	—
Expenses in Connection with Issuance of Preferred and Common Stock.....	1,616	1,319	9	640	—	—	—	—	—	—	—
Other, Net.....	3,380	367	(16,685)	17,091	1,373	(14,336)	7,909	(582)	(1,704)	2,474	(6,271)
Total Application of Funds.....	<u>\$464,535</u>	<u>\$337,289</u>	<u>\$243,107</u>	<u>\$279,470</u>	<u>\$166,664</u>	<u>\$119,978</u>	<u>\$138,458</u>	<u>\$115,732</u>	<u>\$95,377</u>	<u>\$118,779</u>	<u>\$103,930</u>

* See explanation on page 11.

CAPITALIZATION

	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
	(Thousands of Dollars)										
Long-Term Debt:											
Mortgage Bonds.....	\$962,814	\$790,938	\$720,146	\$632,564	\$591,102	\$551,925	\$553,373	\$504,821	\$506,269	\$507,717	\$509,165
Debentures.....	56,989	57,759	58,600	59,400	60,200	61,000	36,800	37,600	38,400	39,200	—
Total Long-Term Debt.....	1,019,803	848,697	778,746	691,964	651,302	612,925	590,173	542,421	544,669	546,917	509,165
Preferred Stock.....	192,472	127,472	87,472	87,472	87,472	87,472	87,472	87,472	87,472	87,472	87,472
Common Stock Equity:											
Common Stock.....	424,921	365,042	298,269	298,269	260,251	256,258	256,258	256,258	248,275	248,275	248,275
Premium on Preferred Stock.....	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214
Retained Earnings.....	239,467	235,448	227,437	213,116	199,054	182,574	169,382	156,533	145,228	134,043	123,290
Total Common Stock Equity.....	665,602	601,704	526,920	512,599	460,519	440,046	426,854	414,005	394,717	383,532	372,779
Total Capitalization.....	\$1,877,877	\$1,577,873	\$1,393,138	\$1,292,035	\$1,199,293	\$1,140,443	\$1,104,499	\$1,043,898	\$1,026,858	\$1,017,921	\$969,416

COMMON STOCK DATA*

Per Share of Common Stock:											
Earnings Per Average Share											
Before Extraordinary Item.....	\$ 1.84	\$ 1.97	\$ 1.94	\$ 2.13	\$ 2.08	\$ 1.92	\$ 1.79	\$ 1.71	\$ 1.61	\$ 1.57	\$ 1.41
Extraordinary Item**.....	—	—	0.19	—	—	—	—	—	—	—	—
After Extraordinary Item.....	\$ 1.84	\$ 1.97	\$ 2.13	\$ 2.13	\$ 2.08	\$ 1.92	\$ 1.79	\$ 1.71	\$ 1.61	\$ 1.57	\$ 1.41
Dividends Paid.....	\$ 1.64	\$ 1.64	\$ 1.64	\$ 1.60	\$ 1.48	\$ 1.44	\$ 1.32	\$ 1.29	\$ 1.20	\$ 1.18	\$ 1.12
Common Stock Equity (year end).....	\$18.95	\$18.84	\$18.15	\$17.66	\$16.66	\$16.00	\$15.52	\$15.05	\$14.49	\$14.07	\$13.57
Allowance for Funds Used During Construction**...	\$ 0.57	\$ 0.27	\$ 0.14	\$ 0.17	\$ 0.14	\$ 0.06	\$ 0.05	\$ 0.06	\$ 0.03	\$ 0.03	\$ 0.14
Average Shares of Common Stock.....	32,556,315	29,644,373	29,031,919	27,879,859	27,521,924	27,510,331	27,510,331	27,292,927	27,249,447	27,249,447	27,145,080
Shares of Common Stock at Year End.....	35,128,622	31,935,111	29,031,919	29,031,919	27,649,447	27,510,331	27,510,331	27,510,331	27,249,447	27,249,447	27,249,447
New Common Stock Issues:											
Number of Shares.....	3,193,511	2,903,192	—	1,382,472	139,116	—	—	260,884	—	—	125,240
Subscription Price Per Share.....	\$18.75	\$23.00	—	\$27.50	\$28.70	—	—	\$30.60	—	—	\$22.05
Price Range—Common Stock											
High.....	\$24.88	\$32.13	\$32.50	\$34.88	\$36.63	\$40.50	\$37.50	\$36.38	\$34.88	\$35.50	\$26.50
Low.....	\$19.00	\$22.00	\$27.25	\$28.50	\$28.00	\$35.25	\$32.13	\$29.50	\$25.00	\$25.75	\$23.75
Year End.....	\$22.50	\$24.00	\$31.13	\$29.63	\$31.63	\$36.88	\$35.63	\$34.00	\$29.50	\$33.63	\$25.63

* 1960 restated to reflect two-for-one stock split in 1961.

** See explanation on page 11.

ELECTRIC OPERATIONS

ELECTRIC OPERATING STATEMENT

(Thousands of Dollars)

	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
Operating Revenue.....	\$412,496	\$355,292	\$325,906	\$300,938	\$287,849	\$274,116	\$259,635	\$252,196	\$244,535	\$236,421	\$224,382
Operating Expenses:											
Operation.....	176,838	140,917	132,825	116,602	115,398	107,103	101,511	99,001	94,329	92,056	84,567
Maintenance.....	42,378	37,204	32,740	29,790	25,200	25,610	23,936	24,015	22,273	21,408	21,732
Total Operation and Maintenance.....	219,216	178,121	165,565	146,392	140,598	132,713	125,447	123,016	116,602	113,464	106,299
Depreciation*.....	48,427	44,088	40,787	37,493	34,853	34,100	31,093	30,248	30,252	29,649	31,067
Taxes.....	51,354	45,829	41,202	43,190	42,965	40,968	39,831	40,105	40,296	38,078	37,868
Total Operating Expenses.....	318,997	268,038	247,554	227,075	218,416	207,781	196,371	193,369	187,150	181,191	175,234
Electric Operating Income.....	\$93,499	\$87,254	\$78,352	\$73,863	\$69,433	\$66,335	\$63,264	\$58,827	\$57,385	\$55,230	\$49,148

ELECTRIC REVENUE

(Thousands of Dollars)

Residential**.....	\$158,300	\$132,818	\$120,137	\$110,172	\$104,309	\$98,891	\$92,540	\$89,419	\$85,275	\$82,859	\$77,875
House Heating.....	3,466	2,162	1,125	568	296	203	136	81	48	20	—
Small Commercial and Industrial**.....	66,289	58,866	56,490	53,964	52,941	51,692	49,571	49,153	48,798	48,020	46,444
Large Commercial and Industrial.....	158,370	138,160	126,180	115,476	109,989	103,531	98,030	94,508	91,085	86,836	82,200
Railroads and Railways.....	9,974	9,152	8,975	9,243	9,359	9,202	9,191	9,184	9,514	9,126	9,145
Public Authorities and Highway Lighting.....	9,674	8,524	7,938	7,466	7,075	6,945	6,668	6,405	6,473	6,286	6,021
Other Electric Cos. and Interdepartmental.....	1,065	991	866	816	756	604	616	640	581	532	583
Miscellaneous Electric Revenue.....	5,358	4,619	4,195	3,233	3,124	3,048	2,883	2,806	2,761	2,742	2,114
Total Electric Revenue.....	\$412,496	\$355,292	\$325,906	\$300,938	\$287,849	\$274,116	\$259,635	\$252,196	\$244,535	\$236,421	\$224,382
Residential—Average Revenue per Kwh.....	2.54¢	2.32¢	2.28¢	2.33¢	2.35¢	2.38¢	2.41¢	2.48¢	2.51¢	2.51¢	2.55¢

ELECTRIC SALES

(Millions of Kwh)

Residential**.....	6,165	5,668	5,253	4,725	4,440	4,158	3,840	3,609	3,403	3,297	3,057
House Heating.....	216	144	76	38	16	10	7	4	2	1	—
Small Commercial and Industrial**.....	2,365	2,292	2,256	2,125	2,087	2,003	1,912	1,823	1,781	1,752	1,684
Large Commercial and Industrial.....	12,970	12,663	11,961	10,724	10,267	9,470	8,749	8,143	7,635	7,235	6,882
Railroads and Railways.....	742	759	746	780	823	831	826	809	829	811	815
Public Authorities and Highway Lighting.....	270	268	260	246	231	219	210	204	202	191	180
Other Electric Cos. and Interdepartmental.....	85	79	70	65	60	47	51	55	50	45	48
Total Electric Sales.....	22,813	21,873	20,622	18,703	17,924	16,738	15,595	14,647	13,902	13,332	12,666
Residential—Average Use per Customer (Kwh).....	5,990	5,557	5,187	4,699	4,477	4,263	4,002	3,815	3,649	3,590	3,373

* See explanation of "Depreciation" on page 11.

** Reflects reclassification in 1966 of 6,172 customers and in 1969 of 14,442 customers from Small Commercial and Industrial to Residential.

ELECTRIC OPERATIONS

<u>ELECTRIC CUSTOMERS</u>	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
Residential*.....	1,061,700	1,053,919	1,030,333	1,018,919	1,005,550	985,660	968,195	953,408	940,048	926,100	913,203
House Heating.....	8,612	6,457	4,060	2,297	1,063	644	420	254	151	84	—
Small Commercial and Industrial*.....	120,034	120,997	136,917	138,898	141,752	148,760	150,427	150,989	151,816	152,660	154,184
Large Commercial and Industrial.....	5,465	5,359	5,204	4,993	4,827	4,630	4,486	4,331	4,129	3,924	3,755
All Other.....	2,101	2,045	2,009	2,021	1,926	1,909	1,899	1,891	1,839	1,812	1,833
Total Electric Customers.....	1,197,912	1,188,777	1,178,523	1,167,128	1,155,118	1,141,603	1,125,427	1,110,873	1,097,983	1,084,580	1,072,975

ELECTRIC OPERATING INFORMATION

<u>ELECTRIC</u>	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
Output (Millions of Kwh):											
Steam (PE System).....	17,532	18,256	16,605	16,736	16,007	15,133	14,263	13,511	13,614	13,140	12,196
Steam (Mine-Mouth).....	1,914	1,764	1,260	351	—	—	—	—	—	—	—
Nuclear.....	137	130	124	144	—	—	—	—	—	—	—
Hydraulic.....	1,877	1,342	1,586	1,895	1,304	1,117	1,088	945	1,120	1,104	1,327
Pumped-Storage Output.....	1,829	1,733	1,429	400	—	—	—	—	—	—	—
Pumped-Storage Input.....	(2,523)	(2,395)	(1,971)	(555)	—	—	—	—	—	—	—
Internal Combustion.....	744	341	126	53	19	6	3	3	2	4	2
Purchased and Net Interchange.....	2,886	2,293	2,917	1,090	2,000	1,606	1,341	1,202	201	79	98
Other.....	45	5	33	56	—	—	—	—	—	—	—
Total Output.....	24,441	23,469	22,109	20,170	19,330	17,862	16,695	15,661	14,937	14,327	13,623
Net Capability (Thousands of Kw):											
Steam (PE System).....	2,992	2,990	3,101	3,103	3,103	3,103	3,110	3,110	3,110	3,110	3,034
Steam (Mine-Mouth).....	514	346	380	189	—	—	—	—	—	—	—
Nuclear.....	40	40	40	40	—	—	—	—	—	—	—
Hydraulic.....	512	512	512	512	512	512	512	252	252	252	252
Pumped-Storage.....	880	880	880	660	—	—	—	—	—	—	—
Internal Combustion.....	626	347	198	174	48	48	48	48	48	48	6
Total Net Capability-Dec. 31.....	5,564	5,115	5,111	4,678	3,663	3,663	3,670	3,410	3,410	3,410	3,292
Net Peak Load (Thousands of Kw) Summer Peak.....	4,712	4,592	4,375	3,727	3,673	3,366	3,134	2,926	2,721	2,702	2,511
Annual Load Factor.....	59.2%	58.3%	57.5%	61.7%	60.1%	60.6%	60.6%	61.1%	62.7%	60.5%	61.8%

ELECTRIC FUEL DATA

Fuel Rate (Pounds of Coal per Kwh).....	0.850	0.838	0.816	0.796	0.787	0.765	0.766	0.765	0.744	0.759	0.779
Heat Rate (Btu per Net Kwh Generated).....	11,079	11,009	10,867	10,689	10,648	10,397	10,409	10,428	10,149	10,311	10,575
Cost of Fuel per Million Btu.....	40.7¢	32.4¢	32.3¢	31.7¢	30.3¢	29.7¢	29.8¢	31.5¢	34.7¢	35.4¢	35.2¢
Fuel Cost per Net Kwh Generated (Mills).....	4.51	3.57	3.51	3.39	3.23	3.08	3.10	3.28	3.52	3.65	3.72
Average Cost of Fuel per Ton.....	\$10.62	\$8.52	\$8.60	\$8.51	\$8.21	\$8.06	\$8.11	\$8.58	\$9.48	\$9.61	\$9.56

* Reflects reclassification in 1966 of 6,172 customers and in 1969 of 14,442 customers from Small Commercial and Industrial to Residential.

GAS OPERATIONS

GAS OPERATING STATEMENT

(Thousands of Dollars)

	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
Operating Revenue.....	\$80,960	\$75,150	\$70,215	\$66,986	\$61,915	\$58,942	\$56,659	\$54,442	\$51,261	\$48,575	\$44,939
Operating Expenses:											
Operation.....	47,972	45,582	40,873	38,611	36,674	35,317	34,436	32,673	30,351	27,761	26,393
Maintenance.....	4,845	4,216	3,927	3,784	3,681	3,554	3,277	3,013	2,866	2,681	3,155
Total Operation and Maintenance.....	52,817	49,798	44,800	42,395	40,355	38,871	37,713	35,686	33,217	30,442	29,548
Depreciation*.....	4,536	4,296	3,760	3,544	3,341	3,206	2,799	2,666	2,725	2,664	3,020
Taxes.....	9,827	8,157	8,656	8,287	6,999	6,580	6,879	7,064	7,024	6,589	5,736
Total Operating Expenses.....	67,180	62,251	57,216	54,226	50,695	48,657	47,391	45,416	42,966	39,695	38,304
Gas Operating Income.....	<u>\$13,780</u>	<u>\$12,899</u>	<u>\$12,999</u>	<u>\$12,760</u>	<u>\$11,220</u>	<u>\$10,285</u>	<u>\$9,268</u>	<u>\$9,026</u>	<u>\$8,295</u>	<u>\$8,880</u>	<u>\$6,635</u>

GAS REVENUE

(Thousands of Dollars)

Residential**.....	\$5,983	\$5,698	\$5,654	\$5,625	\$5,489	\$5,546	\$5,666	\$5,732	\$5,644	\$5,628	\$5,583
House Heating**.....	43,133	39,578	38,017	37,564	34,635	33,407	32,984	32,515	31,020	29,444	27,211
Commercial and Industrial**.....	21,088	18,733	17,022	15,343	12,951	11,186	9,572	8,812	8,421	7,796	7,411
Interruptible.....	976	945	544	489	331	202	61	—	—	—	—
All Other.....	174	143	101	97	87	85	82	85	91	85	83
Subtotal.....	71,354	65,097	61,338	59,118	53,493	50,426	48,365	47,144	45,176	42,953	40,288
Direct from Pipelines.....	9,203	9,709	8,575	7,574	8,155	8,268	8,033	6,993	5,820	5,329	4,198
Other Gas Revenue.....	403	344	302	294	267	248	261	305	265	293	453
Total Gas Revenue.....	<u>\$80,960</u>	<u>\$75,150</u>	<u>\$70,215</u>	<u>\$66,986</u>	<u>\$61,915</u>	<u>\$58,942</u>	<u>\$56,659</u>	<u>\$54,442</u>	<u>\$51,261</u>	<u>\$48,575</u>	<u>\$44,939</u>

GAS SALES

(Natural Gas—Millions of Cubic Feet)

Residential**.....	2,454	2,376	2,341	2,309	2,231	2,233	2,297	2,313	2,252	2,235	2,192
House Heating**.....	24,949	23,403	22,447	22,197	20,343	19,642	19,221	18,936	18,218	17,102	15,851
Commercial and Industrial**.....	17,460	16,124	14,561	13,006	11,018	9,446	8,032	7,323	6,993	6,549	6,269
Interruptible.....	1,950	1,941	1,161	1,086	748	455	128	—	—	—	—
All Other.....	124	102	72	69	62	61	56	57	61	58	55
Subtotal.....	46,937	43,946	40,582	38,667	34,402	31,837	29,734	28,629	27,524	25,944	24,367
Direct From Pipelines.....	20,950	23,685	20,989	18,962	20,294	20,453	19,833	16,959	14,828	13,125	10,484
Total Gas Sales.....	<u>67,887</u>	<u>67,631</u>	<u>61,571</u>	<u>57,629</u>	<u>54,696</u>	<u>52,290</u>	<u>49,567</u>	<u>45,588</u>	<u>42,352</u>	<u>39,069</u>	<u>34,851</u>

* See explanation of "Depreciation" on page 11.

** Reflects reclassification in 1969 of 2,976 customers from Commercial and Industrial to Residential and House Heating.

GAS OPERATIONS

	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
<u>GAS CUSTOMERS</u>											
Residential*.....	97,250	98,598	97,971	98,991	100,264	101,238	102,684	104,089	105,400	106,648	107,789
House Heating*.....	149,800	145,879	140,792	136,371	131,858	128,345	123,493	122,645	118,214	112,820	107,442
Commercial, Industrial, and Other*.....	19,054	18,482	21,069	20,557	20,047	19,632	19,219	15,274	15,034	14,832	14,612
Subtotal.....	266,104	262,959	259,832	255,919	252,169	249,215	245,396	242,008	238,648	234,300	229,843
Direct From Pipelines.....	9	9	9	9	9	9	7	6	6	6	6
Total Gas Customers.....	266,113	262,968	259,841	255,928	252,178	249,224	245,403	242,014	238,654	234,306	229,849

STEAM OPERATIONS

STEAM OPERATING STATEMENT

(Thousands of Dollars)

Operating Revenue..	\$10,915	\$10,052	\$9,110	\$8,604	\$8,100	\$7,823	\$7,566	\$7,793	\$7,425	\$7,330	\$6,646
Operating Expenses:											
Operation and Maintenance.....	10,826	8,177	7,606	6,942	6,459	5,943	5,535	5,402	5,345	5,038	4,792
Depreciation**.....	984	920	841	797	755	731	723	710	707	688	833
Taxes.....	(1,261)	(206)	(243)	(17)	35	174	325	551	401	537	294
Total Operating Expenses.....	10,549	8,891	8,204	7,772	7,249	6,848	6,583	6,663	6,453	6,263	5,919
Steam Operating Income.....	\$366	\$1,161	\$906	\$882	\$851	\$975	\$983	\$1,130	\$972	\$1,067	\$727

STEAM SALES <i>(Millions of Pounds)</i>	8,172	7,905	7,578	7,252	6,674	6,528	6,260	6,136	5,987	5,708	5,323
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STEAM CUSTOMERS	939***	1,179	1,180	1,157	1,154	1,139	1,127	1,115	1,106	1,077	1,069
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TOTAL REVENUE BY PER CENT

Electric.....	81.7%	80.6%	80.4%	79.9%	80.4%	80.4%	80.2%	80.2%	80.6%	80.9%	81.3%
Gas.....	16.1	17.1	17.3	17.8	17.3	17.3	17.5	17.3	16.9	16.6	16.3
Steam.....	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.5	2.5	2.5	2.4
Total Operating Revenue.....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* Reflects reclassification in 1969 of 2,976 customers from Commercial and Industrial to Residential and House Heating.

** See explanation of "Depreciation" on page 11.

*** The reduction in customers from 1968 is due to the phasing out of the Company's West Chester steam heating system. This system, which accounted for less than \$300,000 in annual revenue, will be closed down by October 15, 1971.

FINANCIAL RATIOS

	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
Operating Income—% of Revenue:											
Electric.....	22.7%	24.6%	24.0%	24.5%	24.1%	24.2%	24.4%	23.3%	23.5%	23.4%	21.9%
Gas.....	17.0%	17.2%	18.5%	19.0%	18.1%	17.4%	16.4%	16.6%	16.2%	18.3%	14.8%
Steam.....	3.4%	11.5%	9.9%	10.3%	10.5%	12.5%	13.0%	14.5%	13.1%	14.6%	10.9%
Company.....	21.3%	23.0%	22.8%	23.2%	22.8%	22.8%	22.7%	21.9%	22.0%	22.3%	20.5%
Significant Income Statement Figures—% of Revenue											
Fuel.....	27.2%	25.0%	25.3%	23.0%	24.0%	22.6%	22.5%	22.8%	23.0%	22.9%	22.2%
Total Operation and Maintenance.....	56.1%	53.6%	53.8%	52.0%	52.4%	52.1%	52.1%	52.2%	51.2%	51.0%	51.0%
Total Operating Expenses.....	78.7%	77.0%	77.2%	76.8%	77.2%	77.2%	77.3%	78.1%	78.0%	77.7%	79.5%
Interest Charges.....	11.5%	10.2%	8.9%	7.8%	6.8%	6.7%	6.8%	6.5%	6.5%	6.5%	6.6%
Common Stock Earnings.....	11.8%	13.2%	15.3%	15.8%	16.0%	15.5%	15.2%	14.8%	14.5%	14.7%	13.9%
Interest Coverage:											
Before Taxes.....	2.6	3.2	3.6	4.4	5.1	5.1	5.1	5.3	5.3	5.4	5.3
After Taxes.....	2.2	2.4	2.7	3.1	3.5	3.5	3.4	3.4	3.4	3.5	3.3
Common Stock Dividend—% of Earnings.....	89.8%	83.6%	76.9%	75.3%	71.2%	75.0%	73.9%	75.7%	74.5%	74.9%	78.6%
Yield on Common Stock—Year End.....	7.3%	6.8%	5.3%	5.5%	4.7%	4.0%	3.7%	3.9%	4.1%	3.6%	4.4%
Capitalization Ratios:											
Mortgage Bonds.....	51.3%	50.1%	51.7%	49.0%	49.3%	48.4%	50.1%	48.4%	49.3%	49.9%	52.5%
Debentures.....	3.0%	3.7%	4.2%	4.6%	5.0%	5.3%	3.3%	3.6%	3.8%	3.8%	—
Preferred Stock.....	10.3%	8.1%	6.3%	6.7%	7.3%	7.7%	7.9%	8.4%	8.4%	8.6%	9.0%
Common Stock Equity.....	35.4%	38.1%	37.8%	39.7%	38.4%	38.6%	38.7%	39.6%	38.5%	37.7%	38.5%
Embedded Cost of Long-Term Debt at Year End.....	5.5%	4.8%	4.5%	4.3%	3.8%	3.7%	3.6%	3.6%	3.6%	3.6%	3.4%
Price/Earnings Ratio:											
High.....	13.5	16.3	15.3	16.4	17.6	21.1	21.0	21.3	21.7	22.6	18.8
Low.....	10.3	11.2	12.8	13.4	13.5	18.4	18.0	17.3	15.5	16.4	16.8
Operating Income—% of Average Net Plant in Service.....	7.1%	7.2%	7.1%	7.4%	7.5%	7.3%	7.0%	6.7%	6.6%	6.6%	6.3%
Operating and Other Income—% of Average Total Capitalization.....	7.3%	7.4%	7.2%	7.4%	7.3%	7.1%	7.0%	6.8%	6.6%	6.6%	6.3%
Common Stock Earnings—% of Average Common Stock Equity.....	9.4%	10.3%	11.9%	12.2%	12.7%	12.3%	11.7%	11.5%	11.3%	11.3%	10.4%

ACCOUNTING PRACTICES

(Figures in Thousands of Dollars)

NORMALIZATION OF TAX REDUCTIONS BEGINNING JANUARY 1, 1971—In June 1970, the Company elected to normalize the effect of tax reductions resulting from the continued use of double declining balance tax depreciation on property additions after December 31, 1969, which increase system capacity. This election was in accordance with the 1969 Tax Reform Act (Section 167), Federal Power Commission Order No. 404 dated May 15, 1970, and the policy adopted by the Pennsylvania Public Utility Commission on June 24, 1970. The adoption of this accounting change for 1971 and subsequent years will gradually reduce the tax reductions that now flow through to income and will increase normalization charges to income (with corresponding increases in revenue requirements) as new plant is added to the system.

INVESTMENT TAX CREDIT—Federal income tax expense reflects reductions (shown below) representing the investment tax credit arising from the investment in new plant placed in service during these years. Such tax savings are spread by making charges to income equivalent to the tax reductions and accumulating such amounts in a deferred account, which is subsequently amortized by credits to income. Prior to January 1, 1968, these reductions were amortized over a 33½-year period at the rate of 3% a year. The Company received regulatory approval to change the period of amortization to five years at the rate of 20% a year, effective January 1, 1968, and to take into income for the year 1968 the additional amount of \$5,518 as a nonrecurring extraordinary item, representing previously accumulated deferred tax credits. The investment tax credit has been repealed by Congress, effective April 18, 1969. However, the costs of any order for new plant placed prior to that date are still entitled to this credit.

ACCUMULATED DEFERRED INCOME TAXES—This represents the balance of income taxes deferred on property subject to five-year amortization pursuant to certificates of necessity, which is being credited to income over the remaining life of the related property at the rate of \$818 per year.

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION — This account, previously called "Interest Charged to Construction," has been moved from "Income Deductions" to "Other Income" in the Income Statement, with no effect on net income. The rate used from 1960 through 1967 was 6%. In order to reflect more realistically the current cost of funds utilized in construction, the rate has been raised three times in recent years. In 1968 and 1969 a 6½% rate was used. Beginning in January, 1970 a 7% rate was used and on July 1, 1970 the rate was raised to the current rate of 8%.

DEPRECIATION—For financial reporting purposes, the Company provides for depreciation over the estimated service lives of the property on a straight-line basis. Higher depreciation deductions are taken for tax purposes based on the use of a liberalized method of computing depreciation and of shorter lives permitted by the Internal Revenue Service "Depreciation Guidelines". Income tax reductions, reflecting this higher depreciation, reduce current operating expenses in accordance with the regulatory commission treatment for rate-making purposes. (See note regarding Normalization of Tax Reductions Beginning January 1, 1971.)

PENSION PLAN—Philadelphia Electric Company and its operating subsidiaries have a noncontributory service annuity plan applicable to all regular employees. The annuities are determined under a formula which is applied uniformly to all employees regardless of position, and the amount depends on length of service and compensation earned prior to reaching normal retirement age. The annuities are paid out of an irrevocable trust fund, to which the Companies make annual contributions sufficient to meet actuarial requirements. Actuarial studies, which take market appreciation of securities into consideration, indicate that the requirement for past service cost is fully funded. Contributions by the Companies for future annuities aggregated \$6,426 for 1970 and \$5,965, for 1969, of which approximately 26% in 1970 and 31% in 1969, associated with construction labor, was included in the cost of new utility plant. In December 1970, pension fund assets for subsidiary companies' employees were transferred to the trustee for the plan and the related actuarial liabilities were assumed by the plan.

	1970	1969	1968	1967	1966	1965	1964	1963	1962
Investment Tax Credit Adjustment:									
Tax Reductions Deferred.....	\$2,184	\$2,837	\$3,215	\$5,445	\$1,417	\$1,431	\$2,038	\$1,354	\$1,030
Amortization of Amounts Deferred*.....	(3,020)	(2,869)	(8,227)	(382)	(218)	(175)	(235)	—	—
Net Adjustment.....	(\$836)	(\$32)	(\$5,012)	\$5,063	\$1,199	\$1,256	\$1,803	\$1,354	\$1,030

* Includes \$2,391 for 1970, \$2,306 for 1969 and \$7,749 for 1968 resulting from change in amortization period described above under "Investment Tax Credit."

EMPLOYEE DATA

	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
WAGES AND BENEFITS											
(Thousands of Dollars)											
Operations.....	\$102,967	\$93,911	\$86,296	\$81,475	\$76,085	\$73,337	\$70,370	\$67,539	\$63,367	\$60,449	\$57,341
Construction.....	40,997	37,644	31,229	27,016	22,746	20,654	20,745	20,165	19,304	19,388	18,910
Total Wages and Benefits.....	<u>\$143,964</u>	<u>\$131,555</u>	<u>\$117,525</u>	<u>\$108,491</u>	<u>\$98,831</u>	<u>\$93,991</u>	<u>\$91,115</u>	<u>\$87,704</u>	<u>\$82,671</u>	<u>\$79,837</u>	<u>\$76,251</u>
AVERAGE NUMBER OF EMPLOYEES											
Operations.....	7,751	7,539	7,488	7,376	7,318	7,387	7,417	7,424	7,417	7,308	7,265
Construction.....	2,722	2,712	2,405	2,171	2,016	1,891	1,957	2,006	2,008	2,088	2,117
Total Average Number of Employees.....	<u>10,473</u>	<u>10,251</u>	<u>9,893</u>	<u>9,547</u>	<u>9,334</u>	<u>9,278</u>	<u>9,374</u>	<u>9,430</u>	<u>9,425</u>	<u>9,396</u>	<u>9,382</u>

PLANT AND DEPRECIATION DATA

	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
PLANT											
(Thousands of Dollars)											
Plant in Service:											
Electric.....	\$1,801,493	\$1,657,655	\$1,561,577	\$1,473,515	\$1,274,934	\$1,244,798	\$1,216,924	\$1,177,896	\$1,144,164	\$1,117,528	\$1,078,559
Gas.....	213,748	202,310	191,007	179,932	170,395	159,849	155,892	148,172	142,682	134,872	131,556
Steam.....	36,484	35,133	31,975	30,101	28,776	27,311	27,003	26,601	26,082	24,359	24,097
Common.....	63,708	59,748	53,513	48,204	43,590	43,767	42,696	40,914	41,173	39,826	37,629
Total Plant in Service.....	<u>2,115,433</u>	<u>1,954,846</u>	<u>1,838,072</u>	<u>1,731,752</u>	<u>1,517,695</u>	<u>1,475,725</u>	<u>1,442,515</u>	<u>1,393,583</u>	<u>1,354,101</u>	<u>1,316,585</u>	<u>1,271,841</u>
Construction Work in Progress.....	400,846	226,756	103,423	53,056	132,481	70,460	43,237	49,382	26,488	15,164	16,846
Plant Held For Future Use.....	5,327	6,967	9,697	6,726	7,477	7,207	3,877	2,911	2,735	2,108	1,151
Total Plant.....	<u>\$2,521,606</u>	<u>\$2,188,569</u>	<u>\$1,951,192</u>	<u>\$1,791,534</u>	<u>\$1,657,653</u>	<u>\$1,553,392</u>	<u>\$1,489,629</u>	<u>\$1,445,876</u>	<u>\$1,383,324</u>	<u>\$1,333,857</u>	<u>\$1,289,838</u>
Plant in Service per Dollar of Revenue.....	\$4.22	\$4.44	\$4.54	\$4.60	\$4.24	\$4.33	\$4.45	\$4.43	\$4.47	\$4.50	\$4.61
Plant in Service per Employee at End of Year.....	\$204	\$190	\$183	\$179	\$164	\$161	\$157	\$150	\$145	\$142	\$136
Gross Additions to Plant.....	\$351,554	\$263,698	\$176,665	\$145,594	\$119,301	\$79,710	\$69,660	\$74,475	\$58,990	\$55,453	\$75,104
ACCUMULATED PROVISION FOR DEPRECIATION											
Electric.....	\$491,137	\$458,931	\$434,834	\$405,941	\$376,690	\$351,792	\$329,083	\$308,226	\$287,283	\$265,531	\$244,384
Gas.....	29,714	28,973	31,370	30,053	29,453	27,750	28,610	26,880	26,730	25,670	26,155
Steam.....	12,745	11,832	11,006	10,273	9,573	8,868	8,191	7,505	6,799	6,215	6,094
Common.....	15,952	14,482	14,163	13,588	13,227	14,096	13,358	12,567	12,451	11,804	11,095
Total Accumulated Provision for Depreciation.....	<u>\$549,548</u>	<u>\$514,218</u>	<u>\$491,373</u>	<u>\$459,855</u>	<u>\$428,943</u>	<u>\$402,506</u>	<u>\$379,242</u>	<u>\$355,178</u>	<u>\$333,263</u>	<u>\$309,220</u>	<u>\$287,728</u>
% of Depreciable Plant.....	27.0%	27.3%	27.8%	27.6%	29.4%	28.4%	27.5%	26.6%	25.7%	24.6%	23.7%
Additional Depreciation Resulting from the Tax Use of Liberalized Depreciation — Included above in the Accumulated Provision for Depreciation*.....	\$8,356	\$9,436	\$10,516	\$11,596	\$12,676	\$13,756	\$14,836	\$15,916	\$16,996	\$17,266	\$17,266

* This supplemental depreciation provision, aggregating \$17,266 taken up for the years 1954 through 1960, was discontinued in 1961 when it became apparent that this expense would not be allowed for rate-making purposes. It is being eliminated over approximately fifteen years, commencing late in 1962, by reducing the book provision for depreciation by \$1,080 annually.

BOARD OF DIRECTORS

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* ROBERT F. GILKESON, *President of the Company*

WILLIAM W. HAGERTY, *President, Drexel University*

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* ROY G. RINCLIFFE, *Chairman of the Executive Committee of the Company*

* Member of Executive Committee

EXECUTIVE ORGANIZATION CHART



